

Global Staffing and Control in Emerging Multinational Corporations (EMNCs) and their Subsidiaries in Developed Countries: Indian IT EMNCs in Australia

Parth Patel
Lecturer in International Management & HRM
Newcastle University Business School
Faculty of Humanities and Social Sciences
Newcastle University
5 Barrack Road, Newcastle upon Tyne, Tyne and Wear NE14SE
United Kingdom
Telephone: +44 (0191) 2081624, Email: parth.patel@ncl.ac.uk

Brendan Boyle
Associate Professor in International Business
Newcastle Business School
Faculty of Business and Law
University of Newcastle
Australia
New Space, 409 Hunter Street, Newcastle, New South Wales 2300
Telephone: +61 (02) 49215014, Email: brendan.boyle@newcastle.edu.au

Mark Bray
Professor of Employment and Industrial Relations & HRM
Newcastle Business School
Faculty of Business and Law
University of Newcastle
Australia
New Space, 409 Hunter Street, Newcastle, New South Wales 2300
Telephone: +61 (02) 49215073, Email: mark.bray@newcastle.edu.au

Paresha Sinha
Senior Lecturer in Strategy & HRM
Department of Strategy & HRM
Waikato Management School
University of Waikato
21 Ruakura Road, Hamilton, North Island 3240
New Zealand
Telephone: +64 (07) 8384948, Email: paresha.sinha@waikato.ac.nz

Ramudu Bhanugopan
Associate Professor of HRM & Organisational Behaviour
School of Management and Marketing
Faculty of Business, Justice and Behavioural Sciences
Charles Sturt University
Boorooma Street, Wagga Wagga, New South Wales 2678
Australia
Telephone: +61 (02) 69332696, Email: bramudu@csu.edu.au

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Purpose – This paper examines the control mechanisms used by multinational corporations from emerging economies to manage their subsidiaries in developed countries and their implications for human resource management practices.

Design/methodology/approach – The paper draws on data collected through in-depth case studies and interviews with senior subsidiary managers of 12 major Indian IT MNCs operating in Australia.

Findings – Indian IT MNCs rely heavily on the use of people-centric controls exerted through global staffing practices (via the transfer of PCNs) which, in turn, influence their subsidiary's discretion over their HR practices. The use of people-centric controls allows Indian IT multinationals to replicate parent-country HRM practices in their Australian subsidiaries in an ethnocentric manner and significantly leverage the people-based competitive advantages from India through short and long-term expatriate assignments.

Research limitations/implications – The study investigates control and HRM practices from a single country and a single industry perspective. It provides an insight into the normative means of control in foreign subsidiaries of MNCs and enhances our understanding by explaining the integrated relationship that control mechanisms (and their people-centric components) have with HRM practices including the global staffing approaches and expatriate management practices of emerging multinational corporations.

Practical Implications – Indian MNCs are using their business model to leverage the Australian immigration and skilled visa program to maintain cost advantages. However, the immigration legislation in developed countries needs to be capable of allowing EMNCs to maintain such advantages as developed countries seek to attract FDI from emerging economies.

Originality/value – The results indicate that the control practices of EMNCs are similar to the controls exerted by MNCs from developed countries. They also show that EMNCs do not adopt a portfolio approach to global staffing, and that the people-centric components of their control have a clear impact on their subsidiaries' HRM practices.

Paper type – Research paper

Keywords: Australia, Control mechanisms, Emerging multinational corporations, Global staffing, Human resource management, India

Introduction

There has been significant research on how multinational corporations (MNCs) control their network of subsidiaries and the extent to which they standardise or localise their subsidiary human resource management (HRM) practices (Edwards *et al.*, 2013b; Edwards *et al.*, 2016; Festing *et al.*, 2012). Much extant research, however, has focused on MNCs from developed countries operating in developing countries (Belizon *et al.*, 2016; Chen *et al.*, 2005; Fey and Bjorkman, 2001; Glover and Wilkinson, 2007; Lovett *et al.*, 2009; Pudelko and Tenzer, 2013; Schaaper *et al.*, 2011)). Limited research has been conducted on emerging multinational corporations (EMNCs), their HRM practices including the management of their global workforce, and the manner in which their subsidiaries operate in developed countries (Chang *et al.*, 2009; Fan *et al.*, 2013; Fan *et al.*, 2016; Horwitz, 2017; Horwitz and Budhwar, 2015; Ma *et al.*, 2016; Tao *et al.*, 2017; Thite *et al.*, 2012; Ying Chang, Wilkinson and Mellahi, 2007). This

paper contributes to this underdeveloped but growing research agenda by examining the control practices of Indian MNCs and the consequence for discretion over HRM practices in their subsidiaries located in developed countries. Specifically, it examines people-centric control (i.e. controls that rely on people) and global staffing – an enduring research agenda in international HRM.

Indian MNCs in the information technology (IT) industry offer a particularly interesting context for the study of MNC control and HRM due to their “onsite-offshore” business model, which requires the deployment of offshore talented knowledge workers to perform skilled work in foreign countries (Agrawal *et al.*, 2012). The control exerted by these firms should, in theory, be high, resulting in subsidiaries having little to no autonomy with respect to their HRM. However, there is an assumption in the current literature that EMNCs predominantly adopt a polycentric or “adaptive” approach to managing their subsidiaries in developed countries (Thite, 2015; 2016; Thite *et al.*, 2012; 2014; 2016a), as this allows them to develop a global workforce, learn best-practice and reduce reliance on parent-country operations (Thite, 2014). For instance, scholars have postulated that, unlike developed country MNCs which bring their expertise to developing countries, EMNCs seek to gain knowledge from developed markets. They are expected to manage their subsidiaries by being more locally responsive including adopting staffing strategies that emphasise hiring host-country managers with local expertise (Thite *et al.*, 2012). It is, therefore, assumed that EMNCs will emulate host-country HRM practices (including people management and the use of host-country staffing) rather than imposing their home-country HR policies and practices (Chang *et al.*, 2009). In this paper, we build on the insights developed by Patel (2014), Patel and Bhanugopan (2017), Patel, Bhanugopan and Bathula (2016), Patel, Boyle and Bray (2016) and Patel *et al.* (2018) to question the generalisability of this proposition. Specifically, from a control perspective, we argue that the learning EMNC thesis separates the discussion of people management in host-country from the strategic control needs of the MNC, and also appears to be incompatible with the “onsite-offshore” business model followed in sectors where EMNCs are internationally competitive, such as Indian IT – where Indian MNCs enjoy international competitive advantages through access to an abundance of cheap skilled labour sourced from their home-country.

Emphasis has been lately placed on the MNC’s use of informal or normative (soft) control mechanisms in managing headquarters (HQ)-subsidiary relations (Egbe *et al.*, 2012; Gong, 2003; Johnston, 2005; Kostova and Roth, 2003; Kostova *et al.*, 2016; Paik and Sohn, 2004; Singh *et al.*, 2016). These mechanisms include approaches to global staffing (Collings and Scullion, 2009; Scullion and Collings, 2006) and people management via international HRM (Dowling *et al.*, 2008). Given this backdrop, research has discussed the impact of control on replication (or not) of HRM practices (Almond and Ferner, 2006; Edwards *et al.*, 2013a; Ferner *et al.*, 2004), but for the most part, researchers have failed to discuss the use of specific HR practices in unison with the use of people-centric controls at the centre of the arguments in this paper; although the two are obviously linked (Lazarova *et al.*, 2017; Smale *et al.*, 2012). This is because the early control literature was written mainly by scholars from organisation studies for whom the people-based aspect of control was less relevant. As researchers have comparatively paid less attention to the MNC’s most strategic resource in foreign subsidiary control – its “people” (Tao *et al.*, 2017; Zhu *et al.*, 2017) – it is still important to examine the ways in which an MNC’s people influence its subsidiary’s HRM practices. We therefore aim to contribute to the underdeveloped but growing body of research on EMNCs and their distinctiveness relative to the developed-country MNCs (Thite *et al.*, 2016b) with respect to their people-centric control

and HRM practices, by focusing on a sample of Indian IT firms with subsidiaries in Australia. Our research aims to answer the following question: *How do Indian IT EMNCs control their subsidiaries in developed countries and what is the impact of such control on their HRM practices in the host-country?*

The paper is structured as follows. First, we discuss the different categories of control, noting that MNCs have moved away from traditional (bureaucratic) forms, towards more normative (people-centric) control mechanisms. This then leads to a discussion of the conceptual framework for this exploratory study, observing the links between control and specific HRM practices. This discussion is further contextualised in the EMNC setting, leading to an additional complementary question. The methodology is then outlined and followed by a discussion of the findings that reveal the role of global staffing in facilitating people-centric control and the replication of parent-country HRM practices in subsidiaries. Finally, the theoretical and practical implications are discussed. We then conclude, noting the study's limitations and the opportunities for future research.

Theoretical framework

Control in MNCs refers to the “process through which headquarters ensures that the activities in different parts of the organisation (i.e. subsidiaries) are carried out in accordance with the overall goals of the MNC” (Bjorkman, 2007, p. 8). MNCs exercise control to manage the integration of their firm's activities, to ensure that strategic goals are met and that subsidiaries act in congruence with the HQ's intentions (Clemmons and Simon, 2001; Paik and Sohn, 2004). To exert control, MNCs employ “control mechanisms”, arrangements used to influence what subsidiary units can do (Huemer *et al.*, 2009). They are “bureaucratic and normative tools such as reporting systems, policy manuals and socialisation devices that ensure the performance, output and behaviour in subsidiaries are in line with the HQ's expectations” (Johnston, 2005, p. 124). Much of the early literature on control was concerned with the traditional (hard) mechanisms used by MNCs (i.e. bureaucratic measures); however, approaches to people management have become integral to the discussion, as has the role of HRM practices (Bartlett and Ghoshal, 1991; Fenwick *et al.*, 1999).

One of the foremost classifications by Martinez and Jarillo (1989,1991) proposed that control mechanisms can be traditionally understood by the degree of their formality and can be grouped into two categories (see Brenner, 2009 for an extended discussion): first, formal (bureaucratic) control, and second, informal (social) control. Building on these categories, scholars began considering control from an organisational relationship perspective, by proposing context, content and process-oriented controls (Geringer and Hebert, 1989) (see, Boateng and Glaister, 2002; Yan, 1998; for an expanded discussion). As is evident from these classifications, “social controls” were being considered by scholars for some time; however, in later research, the role of people and staffing for control emerged as a central consideration. For example, Harzing's (1999) typology grouped control mechanisms into two broad categories (see, Legewie, 2002 for an extended discussion on these mechanisms): first, direct (explicit) vs. indirect (implicit) control, and second, personal vs. impersonal control. Harzing (1999) further arranged these categories of control into four dimensions: 1) personal centralised control, 2) bureaucratic formalised control, 3) control by socialisation and networks, and 4) output control. According to this typology, control in MNCs was typically being exercised through direct or indirect modes and via personal and impersonal mechanisms. Harzing (2001) then extended the notion of informal and social control by drawing attention to their use in the form of expatriate

assignments. She found that expatriates play three different roles in controlling the operations of a foreign subsidiary: 1) the bear (formal direct control), 2) the bumble-bee (socialisation) and 3) the spider (informal communication).

In addition to the above classifications, a number of scholars have aggregated the various categories of control into three main types: 1) behaviour control, 2) cultural control and 3) output control (Andersson *et al.*, 2005; Cangarli and Delen, 2012; Edwards *et al.*, 2013b; Gong, 2003; Jaw and Liu, 2004; Legewie, 2002; Liao, 2006; Paik and Sohn, 2004; Selmer and De Leon, 2002). These three categorisations capture the use of people-centric means of control and the key HRM practices that reflect these in foreign subsidiaries (namely; *recruitment & selection, training & development and pay & performance*). For instance, global staffing is potentially used as behaviour control; induction, socialisation and training should reflect in cultural control and pay, and performance reward systems will relate to output control.

As noted above, scholars like Harzing (2001) have made people (in the form of expatriates) central to the discussion of control and have considered the way they can be used in the management of HQ-subsidary relations in MNCs. Researchers have also long recognised that control practices, such as degree of centralisation, can impact the subsidiary in terms of the discretion it has around HRM and employment practices (Almond and Ferner, 2006; Edwards *et al.*, 2013a Ferner *et al.*, 2004). However, so far, scholars have mostly provided a fragmented understanding of control and its integration with HRM practices in subsidiaries of MNCs (Lazarova *et al.*, 2017; Smale *et al.*, 2012). To redress this shortcoming, this paper uses the typology of behaviour, cultural and output control to show the value of people as a mechanism for foreign subsidiary control and how this ultimately shapes HR policies and practices at the subsidiary-level in MNCs. Given that the intention is to consider the people-centric aspects of control and the HRM practices in unison rather than separately, the conceptualisation of behaviour, cultural and output control is considered to be the most appropriate theoretical framework for this study. This framework integrates the control and HRM discussion and explains how people-based control mechanisms can play a major role in predicting the HR practices and the autonomy the subsidiary will have around them (Patel, Boyle and Bray, 2016). Hence, we adopt and review each of the three aggregate categories of people-centric control below.

Behaviour control – Behaviour control refers to the appointment of home-country managers to key managerial positions at the foreign subsidiary of an MNC with the aim of evaluating the activities and behaviours originating within that subsidiary (Chung *et al.*, 2000). Besides allocating highly knowledgeable and committed expatriate managers, behaviour control also facilitates replication of HQ operating procedures (via standardisation) to make sure that appropriate behaviours are maintained within the subsidiary (Baliga and Jaeger, 1984; Chang and Taylor, 1999). Research has shown a direct relationship between an MNC's global recruitment and selection practices and their effects on subsidiary staffing decisions resulting in the realisation of the firm's control strategies (Colakoglu *et al.*, 2009; Konopaske *et al.*, 2002; Scullion and Collings, 2006). By employing behaviour control, MNCs can align their strategic control needs to their staffing practices as they use expatriate managers to evaluate subsidiary behaviours. This allows the HQ to replicate their parent-country HRM practices to ensure appropriate subsidiary behaviours are maintained in accordance with the overall goals and mandates of the MNC.

Cultural control – Cultural control refers to the promotion of a broad organisation-wide culture in controlling and coordinating the activities of the foreign subsidiary (Leung *et al.*, 2005;

Pucik and Katz, 1986). Desired performance is attained, less by monitoring task-related behaviours, and more through congruence in values and beliefs that direct activities in uniformity with organisational norms and philosophy (Volkmar, 2003). In particular, MNCs that employ cultural controls often rely on socialisation (through training and development in subsidiaries and/or linked to HQs, inpatriate assignments and expatriation from HQ) as vehicles for ensuring alignment of values between the HQ and the subsidiary (Pucik and Katz, 1986). This can result in expatriates travelling from one subsidiary to another to institutionalise its members, de-emphasise formalisation and promote the frequent exchange of information through informal communication (Edstrom and Galbraith, 1977). Accordingly, cultural control is achieved through either directly controlling the subsidiary operations or indirectly through socialisation (Harzing, 2001).

Output control – Output control refers to the strict measurement of subsidiary performance through quantitative evaluation yardsticks such as profitability, market share, productivity and similar measures (Frynas and Mellahi, 2015; Andersson *et al.*, 2005). This control mechanism relies on elaborated HR information systems to explicitly link performance management and job appraisals to reward outcomes (Snell, 1992). In addition, output control can also associate itself with formalisation to evaluate written reports and documents in monitoring subsidiary operations (Bjorkman, 2007). For instance, reports and exchange of information, such as employee handbooks and training manuals, may be standardised, and all affiliates may follow the same policies and operate in a similar fashion (Hendriks-Gusc, 2007). The key element of this category is that it resembles a market form of control that uses performance reporting systems to achieve the desired outcomes (Brenner, 2009; Chang and Taylor, 1999).

(Insert Table I about here)

Having reviewed the common forms of control used by MNCs and their relation to specific HRM practices, some reflection is required on how they may or may not apply to EMNCs. Extant literature draws attention to two factors that are of particular importance to EMNCs – the liability of country-of-origin and the liability of foreignness (Patel, Bhanugopan and Bathula, 2016; Patel *et al.*, 2018; Thite *et al.*, 2012; 2014; 2016a; 2016b). The liability of country-of-origin is due to a perceived weakness of EMNC home-country institutions and economy, relative to their western counterparts (Chang *et al.*, 2009; Wilkinson *et al.*, 2014; 2015) such that EMNCs will seek to emulate management practices found in developed countries. The liability of foreignness, on the other hand, is due to differences in understanding caused by cultural variations (Calhoun, 2002; Gaur *et al.*, 2011; Yildiz and Fey, 2012). As a result, of these liabilities, EMNCs in developed countries may be inclined to adopt host-country HRM practices (Chang *et al.*, 2009). This will result in EMNCs providing greater subsidiary autonomy and exerting less HQ intervention to maintain their desire to learn from their experience by operating in developed countries (Glover and Wilkinson, 2007). Zhu *et al.* (2014) and others have therefore called for more research into how the country-of-origin effects and liabilities of foreignness manifest in EMNCs. In view of the apparent disconnect between the theory that all EMNCs will take a polycentric approach to subsidiary management in developed countries and the actual control and coordination needs of the “onsite-offshore” business model followed in sectors such as IT services and software (i.e. a sector where Indian MNCs enjoy competitive advantages through access to an abundance of cheap skilled labour), the need for further exploratory research is clear. Therefore, we ask the additional question: *How do the*

liabilities of country-of-origin and foreignness influence the control and HRM practices of Indian IT EMNCs in their subsidiaries in developed countries?

Research methodology

Research design and sampling

This study adopted a multiple case study method to gather qualitative data on control and HRM practices of Indian IT EMNCs managing their subsidiaries in a developed-country setting. This method was chosen for this study as it fits with its inductive nature and builds on detailed observation using existing theories to examine a contextual phenomenon. Exploratory studies are particularly useful when a process, activity or situation has received limited empirical investigation, has been largely examined using prediction rather than open-mindedness, or has changed so much along the way that it requires examination in a new manner (Stebbins, 2001). Our study aligns with all of the above arguments, as control and HRM practices in EMNCs operating in developed countries have received less empirical attention as compared to MNCs from developed countries (Chang *et al.*, 2009). Furthermore, prior studies have predominantly adopted quantitative methods to obtain data resulting in limited understanding (see Andersson and Forsgren, 1996; Andersson *et al.*, 2005; Brenner, 2009; Cangarli and Delen, 2012; Chang and Taylor, 1999, Edwards *et al.*, 2002) and generalised findings based on purely statistical data (Patton, 2002). Moreover, extant research on control and its impact on subsidiary HRM practices indicates that EMNCs generally adopt control measures that result in a polycentric approach to subsidiary management in developed countries (Thite *et al.*, 2012; 2014; 2016a); however, these studies does not consider MNCs operating in globally competitive industries like in Indian IT software & services. Accordingly, there is a strong need for further exploration of the underlying processes to deeply probe, understand and extend the current theory (Tharenou *et al.*, 2007) on EMNCs, their control and international HRM practices. As such, the use of multiple case studies is a very reliable and robust method which will allow for a deeper understanding of the subject matter, including the analysis of the cases (Cooper and Schindler, 2011; Veal, 2005). Hence, it is perfectly aligned and suited to its core agenda of being exploratory in nature (Creswell, 2009).

Twelve major Indian EMNCs in the IT software and services industry participated in this study. The case study organisations were identified through a mix of purposive and convenience sampling from the NASSCOM's (the National Association of Software and Services Companies) membership directory – the premier body that represents the Indian IT industry. An initial list of 19 Indian IT MNCs was created and contacted. Of these, four did not respond, three did not fit the criteria (i.e. they did not classify as an MNC) and 12 agreed to participate. Data was gathered through in-depth semi-structured interviews. Respondents included senior managers responsible for the Australian operations of their respective subsidiaries. They were key decision makers and were knowledgeable in providing insights into the control practices of their respective EMNCs and their discretion over subsidiary HRM practices. Also, they were the official gatekeepers of their organisations in Australia and looked after the public relations activities.

The respondents were initially contacted through email after which, written consent was obtained, and formal interview times were booked. A very senior manager (i.e. the respondent) mainly participated from each subsidiary and one-on-one interview lasting approximately 60 minutes were conducted. We initially included more than one participant in a couple of joint interviews to ensure reliability in the data; however, these were stopped once we established that the data being gathered was generating a consistent narrative. This resulted in a total of 12 semi-

structured interviews conducted at the subsidiary level. All interviews were conducted in English with the primary author (researcher) travelling to the respondent's place of employment to conduct the interviews. The semi-structured interview included questions on five broad themes: 1) background information, 2) nature and role of the subsidiary, 3) control practices, 4) HRM practices, and 5) contextual factors. Finally, to gain a better understanding of each case organisation, documentary data, such as corporate profile brochures, HRM policy handbooks, business publications, and company websites, were also gathered to supplement the interview data.

(Insert Table II and III about here)

Analysis of data

Analysis of the data included three steps. The first step involved organising and sorting the interviews and documentary data, and manually transcribing the interviews, to gain an overall understating of the data. The second step involved analysing the interview data using the coding process. This included generating categories of information (i.e. open coding), positioning it within the conceptual framework adopted in this study (i.e. axial coding) and explicating a story from the interconnections (i.e. selective coding) (Corbin and Strauss, 2007; Strauss and Corbin, 1990, 1998). The third and final step involved interpreting the data specifically in the context of the research question posed. Variations across cases were also explored, with the team of researchers reflecting on how the aggregated data fitted across the cases. In addition, the documentary data was analysed using Bowen's (2009) document analysis technique and was tied to the interview data to provide additional support. The themed findings were then evaluated against the literature reviewed within the theoretical framework of behaviour, cultural and output control to answer the research question. This process revealed the key findings discussed below.

Findings

The results reveal that all 12 cases reported the use of behaviour control (through global staffing of PCNs) and output control (through integrated HR reporting systems, performance management and reward practices), while in eight of the 12 cases, cultural control is exercised through "socialisation-based training". Furthermore, in all 12 cases, Indian MNCs rely on the use of parent-country recruitment practices via global staffing to fill positions in their Australian subsidiaries. Training and development are also provided by the HQs in India although six out of 12 cases reported additional local-level, in-house technical training being provided at the subsidiary-level. Finally, seven of the 12 cases reported Indian MNC HQs to be in-charge of pay and performance. A striking consistency is evident between the control needs of Indian MNCs and the related HRM practices.

(Insert Table IV about here)

Findings on the control practices of Indian IT MNCs

The results show that the Australian subsidiaries of Indian IT MNCs are managed through the people-centric aspects of behaviour, output and cultural control.

Behaviour control

Data from the 12 case studies indicate that Indian IT MNCs very explicitly exercise behaviour control to manage their Australian subsidiaries through global staffing and frequent interaction with the HQ. In other words, Indian IT MNCs staff their Australian subsidiaries with a high number of expatriate employees, typically parent-country nationals (PCNs) who constantly travel between different foreign subsidiaries within the MNC global network and play a traditional control and coordination role by acting as a bridge between the Indian HQ and the Australian subsidiaries. Significantly, the practice of global staffing is not just used for the appointment of managers but is also used for the appointment of skilled professional and technical staff. This demonstrates how these EMNCs use skilled labour, mostly from their parent-country, through a skilled migration visa program in Australia. The theme that is most pronounced in the data is “*global staffing*”, as explained by two senior managers:

Ninety percent of our employees including managerial and professional staff are expatriates that largely come out of India and that travel between our subsidiaries located in different parts of the world; only ten percent of our employees are hired locally (Company H manager).

We work on a model where we bring people from India to Australia using work visas for short and long-term periods; this includes our expatriate managers. Their role is to manage the delivery of our IT projects and therefore they assume key roles in the subsidiary (Company C manager).

Expatriate managers employed at the Australian subsidiaries therefore typically hold senior management positions and their job is to manage the local subsidiary operations in Australia by ensuring the delivery of their firm’s IT services as dictated by HQs in India. The Indian HQs are directly responsible for assigning expatriate employees whilst adopting what respondents reported to be a very “*hands-on*” approach in maintaining the behaviour of their Australian subsidiaries. Furthermore, the expatriate PCN staff assigned by the HQs were reported to be extremely well-versed in their parent MNC’s “*way of doing things*” as they rely on and apply the parent company standards at “*every step of the way*”. This allows Indian IT MNCs to regulate the flow of staffing and their subsidiary’s internal processes while closely monitoring its activities. Hence, these Indian EMNCs are able to replicate their HQ operating procedures. This leads to a centralised form of decision making, as stressed by this manager, for example:

More than 80 percent of our operations are centralised, and this limits our ability to provide any input to the head office from a subsidiary perspective. If you look at the linkage between the sources of our employees and the control structure, our employees come from India; our policies are set there and whether they are appropriate (or not) for an overseas subsidiary is not given enough attention (Company D manager).

A key finding common across all the case sites is that global staffing is inextricably intertwined with behaviour control due to the widespread use of expatriates in the subsidiaries. These expatriates fulfil a traditional role of control and coordination in the management of their subsidiaries in Australia.

Cultural control

Cultural control is also a strong theme in the data. This is apparent in reports on the use of training for control through socialisation and alignment to standard operating principles set by HQs (this was explicitly reported in eight of the 12 cases). However, this widespread use of expatriate PCNs in Indian IT MNCs influenced cultural control, which lessened the need to use additional socialisation interventions across the subsidiaries. The data show that Indian IT MNCs rely on the use of this “so called” cultural control to directly influence their Australian subsidiaries, and this is done by offering what respondents routinely described as “*socialisation-based training*”. For instance, in addition to online training programs designed and managed by HQs in India, induction and short-term assignments are also used, with key Australian subsidiary staff travelling back to the HQ for a few weeks to familiarise themselves with their parent company’s norms and values, thus allowing the Indian IT MNCs to transfer their internal value systems to their subsidiaries in Australia. As one manager explained:

Any new [technical] employee who joins our subsidiary in Australia travels back to the head-office for a month of training to familiarise with our culture and the way we do business. This allows them to get a first-hand feel of our corporate rules, norms, values and culture. It’s a fairly set process (Company E manager).

In eight of the 12 cases, managers explicitly reported the use of expatriate managers for maintaining informal linkages by sharing knowledge, expertise and experience at the subsidiary-level and as mentors for cultural control. This sentiment was articulated well by one subsidiary manager:

The communication between our subsidiary managers and the professional and administrative staff can sometimes be quite informal as we do promote a fair degree of mentoring. We also organise frequent team outings and social events so that our managers and subordinates can socialise well which creates a good environment for working together (Company G manager).

Another manager stated:

A lot of our expatriate managers and staff continue to move across different regions within our MNC network. The aim is to share the corporate culture and the knowledge so that we have compatibility in our processes, technology, operating standards and the way we deliver our IT services to our clients and customers. (Company F manager).

This finding suggests that because the key decision makers and the leadership team include mostly Indian expatriates, there is less need to use additional or separate “social” mechanisms to control subsidiaries. When integrated with the findings on behavioural control, it is apparent that cultural control is to a substantial degree affected by the “global staffing” practices adopted; a conclusion consistent with extant understanding. The four Indian EMNCs that did not report using socialisation-based controls noted the degree of vertical centralisation of decision-making and also stressed the role of expatriation for culture controls – that is, cultural control beyond the presence of on-site Indian expatriates and centralised decision-making was redundant.

Output control

Consistent with the pattern noted in the findings related to behaviour and cultural control, in all 12 cases, Indian IT MNCs reported the use of output control to measure the performance of their Australian subsidiaries. Respondents first reported on organisational outputs rather than HR-related outputs, but it is apparent that the two are to a large degree interdependent – i.e. if the model requires general reporting, HR reporting to HQs is also required. Nonetheless, at the organisational level, evaluation criteria like market share and profitability remain key factors in how the Australian subsidiaries are managed and how their performance and success is measured, as explained by a subsidiary manager:

Our key performance indicators (or KPIs) are measured against some key fundamental numerical yardsticks such as sales figures, market share and profitability. These quantitative measures are always used to see how our subsidiary is performing. (Company F manager).

Coordination with HQs was commonly reported as the reason for using numeric output controls. This is closely related to cost-effectiveness. Accordingly, the HQs in India keeps a detailed account of their subsidiary's spending while asking them to provide an explanation for all affiliate-related expenditure; as exemplified by the following quote:

Our HQ prepares a business plan each year and provides us with quantitative targets. If the subsidiary does not meet those targets, then the head office will review it again and will set a new target for the Australian subsidiary to achieve (Company I manager).

HRM related outputs are also reported back to HQs in terms of salary expenses, budgeting and other HRM expenses, and performance management and appraisal are aligned with the broader business reporting, as noted by a senior subsidiary manager in the quote below:

We align our subsidiary expenditures to our performance reviews where we take feedback from peers and customers regarding how our employees are performing and all this input goes into the budgeting system for payment of salaries and other expenses (Company L manager).

It is worth pointing out that while no direct relationship between the use of expatriates and output control in managing the activities of the subsidiary through normative measures was found, the use of output control is still significant as it allows Indian IT MNCs to implement their “global staffing” practices through the transfer of international assignees (in the form of PCNs). For example, the degree of standardisation increases the need for results-based performance while using expatriates and global staffing practices promotes the monitoring of subsidiary behaviours and the spread of organisational culture. Clearly, output control is important for the function of global staffing and expatriation.

Findings on the impact of control over HRM practices

Recruitment and selection

The results of this study show that the HQs of Indian IT MNCs have the majority decision-making authority over the HR practices in their Australian subsidiaries while the subsidiaries

themselves have little to no discretion over their design. Consistent with the earlier finding that the use of expatriates and global staffing are the key control mechanisms, the results indicate that parent-country recruitment practices, i.e. ethnocentric staffing, are being used to fill subsidiary positions in Australia. More particularly, it was found that expatriates from the Indian MNC's home-country operations in India are largely used to fill Australian subsidiary positions through international assignments and this impacts on the subsidiary's discretion over their recruitment and selection practices. Furthermore, in accordance with these MNCs' job-rotation and internal transfer policies, skilled expatriates are brought in on contractual short-term work visas, i.e. Australian Temporary Work (Skilled) visa (subclass 457), for a period of two to four years. Although many of the managerial staff stay permanently, other middle-level (technical and professional) staff are either sent back to their parent company operations in India or to other subsidiary locations within the MNC global network, upon completion of their IT projects. Accordingly, all 12 cases reported senior management positions from country directors to project managers being overwhelmingly occupied by PCN expatriates from the Indian MNC operations, as explained well by this manager:

Our parent company assigns a lot of internal transfers where employees come to Australia from India and occasionally other subsidiary locations on assignments for the duration of two to four years to fill specific roles and work on specific projects. Once these projects are complete, the employees go back either to India or to our other foreign subsidiaries (in US, UK and Europe). This is a more a staffing practice we follow rather than a recruitment policy (company J manager)

The expatriates present in the subsidiaries are not just managerial, but also technical employees and are selected for a variety of positions and roles, both on short-term and long-term assignments. However, while the recruitment and selection of expatriates in the Australian subsidiaries of Indian IT MNCs is purely skill-based and as per the demands of their Australian customers or clients, the role of these expatriates in integrating the Australian subsidiaries should not be overlooked. Based on the findings across all the cases, knowledge transfer and control and coordination functions of expatriate assignments might be best understood as mutually reinforcing, as the close control of every aspect of subsidiary activity and the need to integrate knowledge and practice are both served by internal recruitment and selection for key positions. Accordingly, the findings reveal global staffing as a key control mechanism in these MNCs and the decisions relating to the HRM practices – recruitment and selection (via international assignments and job-rotation) – are unsurprisingly centralised by HQs from India. The control needs of these MNCs and the subsequent, recruitment, selection and staffing choices are therefore very closely aligned.

Training and development

Across all of 12 cases, the Indian HQs are in-charge of providing international training (pre-departure and post-arrival) to employees at the managerial level and managers often travel back to the Indian head-office on a half-yearly or yearly basis to be briefed on their international assignments to Australia and other parts of the world. Furthermore, the HQs are also responsible for providing training to the subsidiary's professional and technical staff where employees participate in local (subsidiary-level) inductions and completed online (intranet) training

programs (i.e. this includes both the socialisation-based training discussed as a form of control previously, as well as technical training). This is explained by a subsidiary manager:

From a strategic perspective, our training is largely driven by India. This is because our solutions are largely driven from there and our “centre of excellence” is also based in India (company H manager)

Socialisation-based training by frequent HQ visits and sitting next to a colleague, and online (intranet) back-end technical training, all ensure a close alignment of subsidiary staff with existing practices in India. Both formal and informal training are aligned to the level of control exercised by these MNCs. Moreover, regarding career development practices, the findings show that in all 12 cases, Indian MNCs manage the career development of their employees in Australia from their parent company operations in India. This is primarily done by offering expatriation, international assignments and job-rotation opportunities to their employees; illustrative of the interdependencies between the HRM practices and the MNC control needs. As noted by the manager of company A:

We offer our employees the opportunity to travel to other countries and work in our international network of subsidiaries whether it’s the US, UK, Europe or Australia. This is directly related to the way our employees perform on-the-job and also on the demands that we get from our overseas clients or customers (company A manager)

Due to training and development being HQ-centred, and due to global staffing practices, Indian IT MNCs are able to develop the skills and expertise of their expatriates, enabling them to function successfully across national boundaries. It should, however, be noted that six out of the 12 cases also reported local industry-specific technical training being provided to the subsidiary staff using services from external consultants. However, the fact that parent company operations are in-charge of managerial training across all case sites strongly indicates that the additional (local) training provided to the subsidiary staff does not directly contribute to the control exerted by Indian IT MNCs.

Pay and Performance

When it comes to pay and performance management practices, seven out of the 12 cases reported head offices in India to be in-charge of managing the payroll of their Australian subsidiary staff. Only five cases reported that payroll is managed locally by subsidiaries in Australia. This is again possibly due to the interdependency with global staffing practices as the alignment of pay and compensation to home company standards in a sample with such heavy use of expatriates is a consistent finding. This is illustrated by a subsidiary manager:

Our payroll is managed by the compensation team based in India. The role of the Australian subsidiary is to mainly provide market intelligence around salary and award rates for various roles (company E manager)

The significance of global staffing practices is again evident in the alignment of pay and compensation to the home-country. In addition, other HR practices, such as performance review and evaluation, are also transferred from the parent-country operations in India and are, in fact, standardised and global across the subsidiaries. They are specifically linked to the achievement of specific goals, consistent with the type of measurable control systems implemented by these

EMNCs. For example, a merit-based 360-degree performance matrix that uses timesheets and a scorecard index is typically used in the Australian subsidiaries, as explained here:

We have a very strict performance management system where we mainly reward employees that are high performers. The review is mostly conducted on an individual basis and uses a ranking system that determines how one employee is ranked against the other in terms of achieving his predetermined targets (Company K manager)

In most cases, the outputs, once generated, are sent back to the Indian operations for benchmarking, indicating the presence of a company-wide pay-for-performance review system. The theme of alignment of pay and performance practices to HQs is also a key element in the findings related to MNC control and the related discretion over HR practices.

Findings on the influence of EMNC liabilities over control and HRM practices

Liability of country-of-origin

The results indicate that despite originating from what is perceived as a weak economy with underdeveloped home-country institutions, Indian IT MNCs centrally manage their HRM practices from their parent-country operations in India. This is possible due to the distinct characteristics and traits of their economy that, when combined with their industry-specific resources and capabilities, provide them with significant competitive advantages in operating in developed countries. For instance, in all 12 cases, Indian IT MNCs use niche IT skills and rely on their home-country technology to manage their subsidiaries in Australia. They transfer skilled knowledge workers who have good English language skills, familiarity with parent-country operations, are flexible, and can be sourced at a cheaper cost than local Australian employees. Indian IT MNCs exploit these factors through their “onsite-offshore” business model and leverage them through the global staffing practices to control their subsidiaries and manage HRM practices. This is expressed by two subsidiary managers:

We bring people from India because the cost of sourcing labour from India is lower than the cost of hiring employees locally [in Australia] (Company D manager)

We send recommendations to our HQ based on the projects we are working on and depending on what our clients need. A contract is then signed between the client and our company and the HQ sends people with specific knowledge and skills to delivery on that project (Company L manager)

The findings, therefore, do not show any of the country-of-origin liability that Indian IT MNCs have to overcome. Instead, they show a strong country-of-origin effect that allows these EMNCs to leverage their country-of-origin factors through global staffing to control their Australian subsidiaries and shape HRM practices in them.

Liability of foreignness

The host-country’s national culture did not have any effect on the control and HRM practices in the sample of Australian subsidiaries of Indian IT MNCs. On the contrary, results indicate that Indian MNCs are fairly ethnocentric, implement people-centric control mechanisms and adopt an

exportive approach to managing HR practices in their subsidiaries in Australia. Considering that the majority of the workforces including the top management are expatriates from parent-country operations in India, eight out of the 12 cases found influences of Indian national culture. This interdependency is consistent with the finding on the country-of-origin effect and explains why these Indian IT MNCs did not face a liability of foreignness in operating in Australia. This is explained by a manager from one of the subsidiaries:

There's an old saying that you can take an Indian out of India, but you can never take India out of an Indian so definitely our Australian operations has element of Indianness to it and this translates into a number of our business functions and how we perceive ourselves and our customers (Company H manager)

(Insert Table V about here)

Discussion

Answering the research questions

On the question of how Indian IT EMNCs control their subsidiaries in developed countries, the findings unambiguously demonstrate that Indian IT MNCs primarily use people-centric control mechanisms (i.e. behaviour and cultural control) to manage their subsidiaries in Australia, although the common use of output control was also evident. The data indicate that global staffing is inextricably intertwined with behaviour control in all the Australian subsidiaries. That is, expatriates are used in key management and technical positions to such an extent that their indirect influence on the behaviour of other colleagues (through supervision) is indistinguishable from the behaviour control they are employed to exert. Additionally, this widespread use of expatriates through short-term and long-term international assignments also influences cultural control as appropriate behaviour is attained through homogeneously staffing the subsidiary's key positions with employees who embody the organisational culture, norms and values of their MNCs in India. As a result, cultural control is applied primarily by the presence of expatriates. Finally, Indian IT MNCs also use output control to measure the success and performance of their Australian subsidiaries as it provides leverage for the use of people-centric controls by enhancing the interdependency between HQ and their subsidiaries and promoting shared alignment of goals.

On the question of the impact of control on HRM practices discretion in the host-country, the results show that the HRM practices found in the Australian subsidiaries are well-aligned with the control practices of Indian IT EMNCs. For instance, the pursuit of ethnocentric staffing in line with centralisation is apparent in Indian IT MNCs' heavy use of expatriates and this facilitates behaviour control. Similarly, the provision of HQ-based training to subsidiary management teams facilitates cultural control, while the implementation of individual performance appraisal methods and pay-for-performance practices facilitates output control. Clearly, the choice of control mechanisms exerted by Indian IT MNCs matches the HRM practices present in their Australian subsidiaries. Consistent among the HR practices present in the subsidiaries is the theme of global staffing which emerged as the key control mechanism in the diffusion and transfer of HRM managed centrally from the HQ of Indian IT MNCs.

On the question of how the dual liabilities of country-of-origin and foreignness influence control and HRM practices, one striking result is that Indian IT EMNCs, despite coming from a

weaker economy, do not have learning goals and do not suffer a country-of-origin liability, which is at odds with expectations for EMNCs. This is possibly due to the Indian IT MNC's use of its country-specific characteristics and industry-specific resources and capabilities. For instance, Indian IT MNCs rely heavily on the use of skilled labour (via global staffing practices) to transfer intellectual capital, technological know-how, and standard operating procedures to their Australian subsidiaries. Also, the expatriates provide the Indian IT MNCs with cheaper costs and flexibility which gives them the ability to deliver their IT services to their customers in Australia using their "on-site-offshore" business model. Accordingly, the findings of this study do not reveal any of the liability of country-of-origin or foreignness that some EMNCs face, but rather the leverage of emerging economy advantages in the host-country.

Theoretical contributions

Based on the evidence found in this study, it is apparent that Indian MNCs rely on the traditional use of expatriates carrying their corporate culture and they use global staffing to manage their subsidiaries in developed countries. Global staffing was, therefore, found to be at the centre of control in Indian EMNCs. Interestingly, the composition of staffing in this sample of Indian IT MNCs was purely homogeneous (i.e. one that primarily relies on using PCNs) rather than heterogeneous staffing that uses a mix of PCNs, host-country nationals (HCNs) and third country nationals (TCNs). We, therefore, did not find Indian EMNCs adopting a portfolio approach or a "heterogeneous" pattern to global staffing, whereas other multinationals adopt a range of staffing options, as argued by (Collings *et al.*, 2007; Collings *et al.*, 2016). We instead found that when staffing as a form of control is considered in unison with a business model that allows Indian IT MNCs to draw on centralised expertise and centres of excellence in their home-country, and where such expertise can be sought and obtained at a considerable cost advantage (in this case India), then control through people (via the transfer of PCNs as expatriates) can be understood as having a role in protecting and leveraging competitive advantage. It is more than just control associated with subsidiary behaviour and practice. The importance of this practice of control in an EMNC context indicates that Indian MNCs exert control mechanisms that are similar to the controls used by MNCs from developed countries to manage their subsidiaries. European and US MNCs that use expatriate and social control to diffuse their HRM practices to their Greek subsidiaries are typical examples (Myloni, Harzing and Mirza, 2007). In addition, our study addresses the crucial gap in extant research concerning the question of why EMNCs do not use cultural control to manage their overseas subsidiaries (Chang *et al.*, 2009). For example, Taiwanese MNCs mainly use behaviour and output control to manage their subsidiaries in the UK (Chang *et al.*, 2009). Results from our study show that Indian IT MNCs use expatriates who embody the organisational culture, norms and values of their MNCs and who fulfil a traditional control and coordination role. This allows Indian MNCs to retain centralised control of their foreign operations and lessens the need to use any explicit socialisation interventions to manage the subsidiaries more generally. Consequently, through the traditional use of expatriates and global staffing practices that help monitor subsidiary behaviour and inculcate HQ culture, together with a centralised organisational model which can be measured by output, the exertion of cultural control is not necessary for Indian MNCs.

On the other hand, the HRM practices adopted by Indian IT MNCs reflect the rationale behind the choice of control exercised to manage their subsidiaries in Australia. In particular, the three major control mechanisms (i.e. behaviour, cultural and output control) and their people-centric components are found to have a clear impact on the choice of, and the discretion over, the subsidiaries' HRM practices. Behaviour control is exerted through recruitment and selection of

employees in the form of expatriates; cultural control is exerted through socialisation-based training; and output control is exerted through the performance and pay reporting systems in the subsidiaries. We therefore, find that control mechanisms that rely on people, i.e. global staffing (behaviour control) and socialisation and training (cultural control), can be expected to have a direct impact on HRM and employment practices found in foreign subsidiaries of MNCs. This provides us with an enhanced and integrated understanding of the relationship that control mechanisms (and their people-centric components) have with HRM practices. Significantly, Indian IT MNCs transmit and replicate home-grown (indigenous) HR policies and practices, operate in an ethnocentric manner, and appear to be more interested in acquiring access to local markets than in acquiring host-country skills, resources or capabilities (Wood *et al.*, 2014). This is possibly due to the labour-intensive technology and the niche business model of Indian IT MNCs that act as a source of major competitive advantage as expatriates are mostly flown to the subsidiaries. The findings related to Indian IT MNCs, therefore, do not support the idea that all EMNCs pursue learning goals in host nations around international “best” HRM practices using a polycentric approach (Thite, 2015, 2016; Thite *et al.*, 2012; 2014; 2016a) or that they mimic Western MNCs from developed countries (Thite, 2014). Control, it seems, is the principle factor shaping the key HRM practices in this sample.

Finally, Indian IT EMNCs rely heavily on PCNs assuming the role of mobile knowledge-workers using the Australian Temporary Work (Skilled) visa (subclass 457) and drawing on their expertise to run their subsidiary operations. The close control of subsidiary practices and the closely integrated HRM practices found in this study are essential to enable Indian EMNCs to use their PCNs not only to run their subsidiaries but to maintain, leverage and protect their competitive advantage. It is well recognised in the international management literature that knowledge transfer and control and coordination functions of such expatriate assignments are not mutually exclusive (Bonache and Brewster, 2001; Boyle, Nicholas and Mitchell, 2016). Correspondingly, the findings do not concur with the argument that EMNCs enter developed countries because they are interested in acquiring local talent (Khanna and Palepu, 2006; Luo and Tung, 2007) or that they rely more on the use of host-country nationals to manage their subsidiaries in developed countries (Alkire, 2014). The findings also disagree with recent debate on EMNCs questioning their use of PCNs due to the “tightening up” of border controls in developed nations (Wilkinson *et al.*, 2014, p. 840).

Practical implications

Regarding the practical implications of this study and from a policy perspective, the Australian immigration and skilled work visa program which facilitates the use of the “onsite-offshore” business model for Indian MNCs is perhaps being exploited to maintain a cost advantage (and perhaps at the cost of Australian employment). However, the implication for developed countries may be that foreign direct investment (FDI) legislation and immigration policies need to be capable of allowing EMNCs the opportunity to leverage their cost advantages – assuming that developed countries seek to attract FDI from emerging nations who bring and rely on such cost advantages. Nevertheless, as Indian IT MNCs continue to operate and expand in developed countries, they will need to be mindful of the changing immigration regulations in these countries and the challenges associated with transferring centralised expertise in the form of recruitment and selection of technical expatriates. Accordingly, Indian IT MNCs may need to adopt a more reactionary approach by pursuing a multi-domestic strategy based on their international operations in various host countries and their immigration laws. This may include

finding a middle ground between their desire to maintain internal efficiency (for example, using people-oriented controls by bringing key staff from their parent-country operations) and the need to adapt to local (host-country) requirements and preferences (for example, hiring host-country managers and employees). It will also require exerting a less centralised decision-making influence on the subsidiaries and providing them with more autonomy in order for them to be able to make decisions around HRM.

Limitations and future research

This study has some limitations that need to be acknowledged. The first limitation is regarding the unit of analysis (i.e. Australian subsidiary of Indian MNC). The fact that the interviews and the documentary data were gathered from the subsidiaries only, rather than also from the HQs, may have to a degree limited the amount of information gathered. Additional data from the parent HQs of these companies would be needed for a complete understanding of such EMNCs. Another limitation is that this study investigates control and HRM practices from a single country (i.e. India) and a single industry (i.e. IT) perspective. More studies in other emerging economies are required to overcome the limited representativeness of the sample and the generalisability of the finding. Despite such limitations, this study opens up some interesting opportunities and important avenues for future research. One way to directly extend its generalisability is to investigate EMNCs originating in other countries and other industry contexts. In particular, future research on EMNCs outside of the IT industry/sector and those examining EMNCs from other countries (like China) should carefully consider what country-specific advantages EMNCs seek to leverage in developed (or other foreign) markets, and the consequences of the use of control mechanisms and their impact on subsidiary HR practices. Lastly, changes in immigration policies in developed nations and their implications for global staffing in MNCs will be an important area for future research.

Conclusion

To conclude, we posit that this study offers a rare insight into a new breed of MNCs from the emerging powerhouse of India's IT industry. The study provides insights into the global staffing practices used by Indian IT MNCs through people-centric controls and the way they influence the transfer of HRM practices to subsidiaries in an ethnocentric manner. Having illustrated the central role of global staffing in the control practices of EMNCs, there is little doubt that, as more EMNCs continue to operate in developed countries, they will start to place significant importance on the role of "people" in managing their HQ-subsidiary relationships and leveraging people-related advantages from their home countries.

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Table I. People-centric control mechanisms and their integration with HRM practices

People-centric control mechanisms	Integration with HRM practices
Behaviour control	Through centralisation, close supervision and staffing practices
Cultural control	Through selection, training and socialisation practices
Output control	Through results-criteria, formalisation and performance-reward outcomes

(Source: Andersson, Bjorkman and Forsgren, 2005; Cangarli and Delen, 2012; Chang, Mellahi and Wilkinson, 2009; Edwards et al, 2013; Jaw and Liu, 2004; Legewie, 2002; Liao, 2006; Paik and Sohn, 2004; Selmer and DeLeon, 2002)

Table II. Profile of Indian IT case study EMNCs

Indian IT MNCs	IT industry sector specialisation	Headquarters' location	Subsidiary location in Australia	Global MNE vs. Australian subsidiary headcount
Company A	<i>BPO</i>	<i>Gurgaon</i>	<i>Sydney</i>	<i>55,000 vs. 40</i>
Company B	<i>BPO</i>	<i>Mumbai</i>	<i>Sydney</i>	<i>8,733 vs. 67</i>
Company C	<i>IT Services & solutions</i>	<i>Bangalore</i>	<i>Sydney</i>	<i>151,151 vs. 2,900</i>
Company D	<i>IT Services & consulting</i>	<i>Hyderabad</i>	<i>Melbourne</i>	<i>33,353 vs. 500</i>
Company E	<i>IT Services & solutions</i>	<i>Bangalore</i>	<i>Sydney</i>	<i>11,000 vs. 35</i>
Company F	<i>BPO</i>	<i>Bangalore</i>	<i>Sydney</i>	<i>38,798 vs. 340</i>
Company G	<i>BPO</i>	<i>Noida</i>	<i>Sydney</i>	<i>7,444 vs. 75</i>
Company H	<i>IT Services</i>	<i>Bangalore</i>	<i>Sydney</i>	<i>18,273 vs. 80</i>
Company I	<i>IT Services & consulting</i>	<i>Chennai</i>	<i>Sydney</i>	<i>9,192 vs. 80</i>
Company J	<i>IT Services & consulting</i>	<i>Mumbai</i>	<i>Sydney</i>	<i>238,583 vs. 1,450</i>
Company K	<i>IT Services</i>	<i>Bangalore</i>	<i>Melbourne</i>	<i>135,920 vs. 1,450</i>
Company L	<i>IT Services & solutions</i>	<i>Bangalore</i>	<i>Melbourne</i>	<i>500 vs. 22</i>

BPO = Business process outsourcing

(Source: Annual reports, 2012; Company websites, Interview data)

Table III. Profile of the respondents in Australian subsidiaries of Indian IT EMNCs

Indian IT MNCs	Number of Respondents	Position in the Subsidiary	Years of Work Experience	Origin of Staffing	Number of Interviews	Length of Interviews
Company A	1	Vice president (ANZ)	25 Years	PCN	1	60 minutes
Company B	1	Regional head (ANZ)	10 Years	PCN	1	50 minutes
Company C	1	CEO (ANZ)	25 Years	HCN	1	60 minutes
Company D	1	Senior vice president (ANZ)	25 Years	PCN	1	50 minutes
Company E	1	Country manager (ANZ)	15 Years	PCN	1	50 minutes
Company F	2	Vice president (ANZ) and senior HR manager	15 Years	PCN	1	60 minute
Company G	1	Senior HR executive	5 Years	PCN	1	50 minutes
Company H	2	Sales manager (ANZ) and operations manager	15 Years	PCN	1	50 minutes
Company I	1	Operations manager	10 Years	PCN	1	50 minutes
Company J	1	Organisational development head (APAC)	15 Years	TCN	1	50 minutes
Company K	1	Regional HR head (ANZ)	15 Years	PCN	1	60 minutes
Company L	1	Regional head (APAC)	15 Years	PCN	1	50 minutes

ANZ = Australia and New Zealand

APAC = Asia-Pacific

PCN = Parent country national

HCN = Host country national

TCN = Third country national

(Source: Interview data)

Table IV. Coding framework for control and International HRM practices of Indian IT EMNCs

Open codes	Axial codes	Selective codes	Example excerpts from respondent's quotes
Frequent interaction with HQ in India; Appointing managers in key positions; Employees come from India; People come on 457 visas; Familiarity with HQ standards and procedures; Centralised decision-making; Ethnocentric staffing; Internal transfers via parent-country nationals and expatriates; Use of international assignments.	Behaviour control	Global staffing; Homogeneous selection; Expatriates for monitoring; Feedback to HQ	<p><i>We bring people from India to Australia using work visas and this includes our expatriate managers.</i></p> <p><i>Our operations are centralised; our people come from India; our policies are set there.</i></p> <p><i>Employees come on assignments and work on specific IT projects. This is more of a staffing practice.</i></p>
Socialisation-based training; Induction; Short-term assignments; Travelling to HQ in India for training; Familiarise with company norms and values; Informal linkages; Indian HQ in-charge of managerial training; Frequent HQ visits; Expatriation as career development	Cultural control	Global staffing; HQ provides socialisation-oriented training; Expatriates spread HQ culture	<p><i>Employee travels to head-office for training to familiarise with corporate culture.</i></p> <p><i>Expatriates move across different regions to spread HQ culture.</i></p> <p><i>Strategic training largely driven from India.</i></p>
Quantitative performance of Australian subsidiaries; Market share; Profitability; Coordination with Indian HQ; Cost-effectiveness purposes; Monitoring of subsidiary expenditure; Salary, budgets and other HR expenses; HQ in India in-charge of payroll; Pay-for-performance; Alignment of pay and compensation to home-country standards; Home-country performance appraisal standards;	Output control	Results-based subsidiary measures and KPIs. Performance-rewards links	<p><i>Sales, market share and profitability as used key subsidiary yardsticks to measure performance.</i></p> <p><i>HQ in India prepares a business plan and assign targets to subsidiaries in Australia</i></p> <p><i>Subsidiary and employee performance are aligned, and the inputs go into a budgeting system.</i></p> <p><i>Payroll is managed in India. We use a merit-based performance system in the subsidiary.</i></p>

Achieving specific goals and targets; HQ does benchmarking			
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Table V. Findings of control and HRM practices in the Australian subsidiaries of Indian IT EMNCs

Indian IT MNCs	Control mechanisms present in the Australian subsidiaries			Discretion over HRM practices in Australian subsidiaries			EMNC liabilities in host-country	
	Behaviour control	Cultural control	Output control	Recruitment and selection	Training and development	Pay and performance	Liability of Country-of-origin	Liability of foreignness
Company A	Present	Present	Present	HQ	HQ and Subs	HQ	No	No
Company B	Present	Absent	Present	HQ	HQ	Subs	No	No
Company C	Present	Present	Present	HQ	HQ and Subs	Subs	No	No
Company D	Present	Present	Present	HQ	HQ	Subs	No	No
Company E	Present	Present	Present	HQ	HQ and Subs	Subs	No	No
Company F	Present	Present	Present	HQ	HQ and Subs	HQ	No	No
Company G	Present	Present	Present	HQ	HQ	HQ	No	No
Company H	Present	Absent	Present	HQ	HQ	HQ	No	No
Company I	Present	Present	Present	HQ	HQ	Subs	No	No
Company J	Present	Absent	Present	HQ	HQ and Subs	HQ	No	No
Company K	Present	Present	Present	HQ	HQ	HQ	No	No
Company L	Present	Absent	Present	HQ	HQ and Subs	HQ	No	No

HQ = Headquarters
Subs = Subsidiary

Table VI. Findings of the people-centric control mechanisms and their integration with HRM practices in the Australian subsidiaries of Indian IT EMNCs

Control mechanisms used by Indian IT MNCs	Means of implementation	Integration with HRM practices in Australian subsidiaries
Behaviour control	Global staffing	<i>Homogeneous staffing and selection procedures. Use of PCNs as expatriates for explicit monitoring. Frequent feedback to HQ. Centralised decision making by headquarters.</i>
Cultural control	Global staffing	<i>HQ provides socialisation-based training and induction. Use of long-term and short-term international assignments. Expatriates travel between subsidiaries to spread MNC culture. Use of informal communication and mentoring.</i>
Output control	Quantitative measures and KPIs (provide leverage for the use of global staffing)	<i>Use of results-based criteria for appraisal. Presence of performance-reward links. Use of monetary incentives. Formalisation by HQ.</i>